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# Book Review of Bruce M. Owen et al., The Economics of a Disaster - The Exxon Valdez Oil Spill

William C. Shaw II

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## Book Review of Bruce M. Owen et al., The Economics of a Disaster - The Exxon Valdez Oil Spill

### **Erratum**

The citation for this review is 8 *RISK* 91 (1997) in most commercial databases.

Bruce M. Owen, David A. Argue, Harold W. Furchtgott-Roth, Gloria J. Hurdle & Gale Mosteller, *The Economics of a Disaster — The Exxon Valdez Oil Spill* (Quorum Books 1995). Acknowledgments, appendices, author index, figures, selected bibliography, subject index, tables. LC 95-3782; ISBN 0-89930-987-9. [200 pp. Cloth \$55.00. 88 Post Road West, Westport CT 06881.]

On March 24, 1989, the Exxon Valdez ran aground off the southern coast of Alaska — spilling in excess of eleven millions gallons of oil into Prince William Sound. Besides its obvious environmental impact, the spill caused clear economic harm to commercial fish and seafood harvesting.

This marine tragedy has prompted many to examine U.S. laws to determine how such disastrous accidents might be prevented in the future. This is such a study, both insightful and detailed.

Here, a team of economists addresses the costs of accidents and legal loss-prevention mechanisms, by applying well-regarded economic theory to the specifics of one of the worst oil spills ever. From the outset, the authors articulate their data and economic and liability theory in such a way that their arguments can be understood by readers other than economists and legal scholars:<sup>1</sup>

Any liability system that seeks to optimize the trade-off between the costs of accidents and the costs of preventing them must take into account, among other things, all the costs associated with the accidents. If some important category of costs is ignored by the system, individuals will tend to take too little precautionary action. By the same token, if the system exaggerates the costs, there will be a tendency to take too much precaution.

*The Economics of a Disaster* is not light reading, but it presents abstract concepts clearly and in an interesting context. The combination provides a compelling education in law and economics.

Large-scale, fault-born disasters are an ever-present danger. Their impact may increase as our control of technology strengthens. Prevention clearly warrants the kind of close examination these authors have undertaken.

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<sup>1</sup> At 1.

**The Economics of a Disaster**, however, doesn't attempt to answer all questions. It points out weaknesses in our existing system and discusses problems alternative systems may succumb to. It is recommended as a valuable case study for those who do or aspire to shape the law.

William C. Shaw II<sup>†</sup>

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<sup>†</sup> Mr. Shaw is a joint J.D./ M.I.P. candidate at Franklin Pierce Law Center. He holds a B.S. (Business) from Rollins College.